

Message Text

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ORIGIN STR-02

INFO OCT-01 AF-04 EUR-08 IO-04 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-04 FRB-01 H-01 INR-05

INT-05 L-01 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 SWF-01 FEA-01 /084 R

DRAFTED BY STR/L.LEE:SMM

APPROVED BY STR:A.H.GARLAND

COMMERCE/E.LESLIE

STATE/D.GRIMMER

STATE/R.DOLS

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R 241456Z OCT 74

FM SECSTATE WASHDC

TO AMEMBASSY PRETORIA

INFO AMCONSUL JOHANNESBURG

USMISSION GENEVA

USMISSION EC BRUSSELS

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E.O. 11652:N/A

TAGS:GATT, SA, ETRD

SUBJECT:SOUTH AFRICAN LOCAL CONTENT REQUIREMENT ON AUTOMOBILES

REF: STATE 144289, GENEVA 4141

1. IN RESPONSE TO A US REQUEST DURING RECENTLY CONCLUDED
US-SA ARTICLE XXVIII CONSULTATIONS, SAG AGREED IN JULY 1971
TO MAINTAIN AUTO PARTS CONCESSION LOCAL CONTENT REQUIREMENT
AT 52 PERCENT LEVEL. UNDER CONCESSION, IMPORTED PARTS AND
MATERIALS QUALIFY FOR CONCESSIONAL TARIFF RATES WHEN COM-
BINED WITH AT LEAST 52 PERCENT (BY WEIGHT) SA MANUFACTURED
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PARTS IN AUTOMOBILE PRODUCTION.

2. ACTION: POST IS REQUESTED TO DETERMINE IF SA IS APPLYING THE 52 PERCENT LOCAL CONTENT REQUIREMENT. IF HIGHER PERCENTAGE PRESENTLY BEING APPLIED, POST IS REQUESTED TO SOLICIT SAG CONFIRMATION THAT UPON IMPLEMENTATION SAG ARTICLE XXVIII PACKAGES, PERCENTAGE WILL BE ROLLED BACK TO 52 PERCENT AS AGREED UPON IN SETTLEMENT WITH US.

3. BEGIN FYI. US HAS REASON TO BELIEVE SAG DOES NOT INTEND TO LIMIT LOCAL CONTENT REQUIREMENT TO 1971 LEVEL OF 52 PERCENT DESPITE AGREEMENT WITH US. IN SAG DISCUSSIONS WITH EC, SAG UNWILLING TO GIVE ASSURANCES TO COMMUNITY THAT PERCENTAGE WILL NOT BE INCREASED. IN LIGHT OF EC-SA IMPASSE, EC QUESTIONS US RATIONALE FOR ACCEPTING SA OFFER.

4. SA OFFER ON AUTOMOTIVE ITEM FOLLOWED JUNE 1971 US REQUEST THAT SAG REVISE ORIGINAL CONCESSION OFFER TO REMOVE OPEN-ENDED DIMINISHING EFFECT, SAG RECOGNITION OF US CONCERNS, AND SAG ASSURANCES THAT ITS INTENT WAS TO APPLY HIGHER TARIFF TO MODELS ASSEMBLED LARGELY FROM IMPORTED PARTS. IN THIS CONTEXT, THERE APPEARED TO BE NO SAG MISUNDERSTANDING OF US CONCERNS OR SUBSEQUENT US INTERPRETATION OF JULY 1971 SA OFFER. END FYI.

5. IF SA REFUSES TO PROVIDE ASSURANCES REQUESTED ABOVE, PLEASE REQUEST SAG EXPLANATION OF MEANING AND PURPOSE OF REFERENCE TO THE 52 PERCENT REQUIREMENT IN CONCESSION ACCEPTED BY US. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
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Concepts: AUTOMOTIVE INDUSTRY, NEGOTIATIONS, AUTOMOBILES
Control Number: n/a
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Draft Date: 24 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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TAGS: ETRD, SA, GATT
To: PRETORIA
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Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005